EXECUTIVE DIRECTOR'S MONTHLY REPORT TO THE COLORADO RIVER BOARD OF CALIFORNIA

June 14, 2011

ADMINISTRATION

Approval of Board Meeting Minutes – April 13, 2011

A copy of the draft April 13th Board meeting minutes have been included in the Board folder for review and consideration. I am asking for approval and adoption of the April meeting minutes at the June 15th Board meeting.

Proposed Fiscal-Year 2011/2012 Budget for the Colorado River Board of California

I am including in the Board materials a copy of the proposed final budget for the Colorado River Board of California, Six-Agency Committee, and Colorado River Authority. The total requested budget for the Board is \$1,587,000 for Fiscal-Year 2011/2012. This is \$43,000 less than the total amount approved in the FY-2010/2011 budget. I am respectfully requesting that Board members approve and adopt the FY-2010/2011 budget at the June 15th Board meeting. Additionally, I am requesting a motion of the Board authorizing the approval and execution of Standard Agreement No. 44.

Ethics Orientation Training

This is a reminder that Board members and alternates need to complete the Ethics Training Orientation Course. The training can be accomplished on-line through the California Department of Justice's webpage at http://ethics.doj.ca.gov/. When the training has been completed, please fill out the on-line certificate and ensure that the Board's administrative staff receive a copy.

PROTECTION OF EXISTING RIGHTS

Colorado River Water Report

As of June 1, 2011, storage in the major Upper Basin reservoirs increased by 1,255,500 acre-feet and storage in the Lower Basin reservoirs increased by 212,200 acre-feet during May 2011. Total System active storage as of June 5th was 33.583 million acre-feet (maf), or 56 percent of capacity, which is 0.078 maf more than one year ago (Upper Basin reservoirs decreased by 0.408 maf and Lower Basin reservoirs increased by 0.486 maf).

May releases from Hoover, Davis, and Parker Dams averaged 16,300, 15,450 and 11,240 cubic feet per second (cfs), respectively. Planned releases from those three dams for the month of June 2011, are 16,600, 16,100, and 11,500 cfs, respectively. The June releases represent those

needed to meet downstream water requirements including those caused by reduced operation of Senator Wash Reservoir and storage in the Warren H. Brock (Drop 2) Reservoir.

As of June 6th, taking into account both measured and unmeasured return flows, the Lower Division states' consumptive use of Colorado River water for calendar year 2011, as forecasted by Reclamation, totals 7.143 maf and is described as follows: Arizona, 2.780 maf; California, 4.100 maf; and Nevada, 0.263 maf. The Central Arizona Project (CAP) will divert 1.579 maf, of which 0.134 maf are planned to be delivered to the Arizona Water Bank. The Metropolitan Water District of Southern California (MWD) will use about 0.598 maf, which is 501,000 acre-feet less than its 2010 use of mainstream water.

The preliminary end-of-year estimate by the Board staff for 2011 California agricultural consumptive use of Colorado River water under the first three priorities and the sixth priority of the 1931 *California Seven Party Agreement* is 3.516 maf. This estimate is based on the collective use, through April 2011, by the Palo Verde Irrigation District, the Yuma Project-Reservation Division (YPRD), the Imperial Irrigation District, and the Coachella Valley Water District. Figure 1, found at the end of this report, depicts the projected end-of-year agricultural use for the year.

As of June 5th, the water level at the Lake Mead was at 1,098.78 feet above the mean sea level, and the storage was 11.382 maf, 44.0 percent of capacity, while the water level at Lake Powell was at 3,626.80 feet above the mean sea level and the storage was 14.498 maf, 59.6 percent of capacity.

Colorado River Operations

Preparation of the 2012 Annual Operating Plan

On May 31st, Reclamation held an on-line webinar serving as the first consultation meeting of the Colorado River Management Work Group associated with development and preparation of 2012 Annual Operating Plan (AOP) for the Colorado River Reservoirs. The hydrologic determinations included in the first draft of the 2012 AOP are based upon projections and data on the April 2011 24-Month Study. Subsequent drafts of the 2012 AOP will utilize data and projections from updated hydrologic projections. The current draft of the 2012 AOP has been posted on Reclamation's website at and can be accessed at the following web address: http://www.usbr.gov/lc/region/g4000/AOP2012/AOP12_draft.pdf.

Currently, the draft 2012 AOP projects that the "Upper Elevation Balancing Tier" will govern the operation of Lake Powell for Water Year (WY) 2012; and that based upon the April 2011 24-Month Study of the "most probable inflow scenario" projects equalization will be likely during WY-2012 with an annual release from Glen Canyon Dam of 9.56 million acre-feet. For the Lower Basin, the draft 2012 AOP projects that the Intentionally Created Surplus (ICS) Surplus Condition will govern the operation of Lake Mead, and that no unused apportionment for calendar year 2012 is anticipated.

Finally, I have included in the Board folder a copy of Reclamation's PowerPoint presentation that was utilized during the first consultation on-line webinar meeting held on May 31st. This presentation presents an excellent overview of the current hydrologic and precipitation conditions in the Colorado River Basin, and synthesis of projected reservoir operational scenarios for WY-2011 and into WY-2012. An Adobe PDF of this presentation has also been included on Reclamation's webpage and can be accessed at the following address: http://www.usbr.gov/lc/region/g4000/AOP2012/AOP12_1stConsult_%20PPT_05-31-11.pdf.

U.S. Army Corps of Engineers Halts work on Flaming Gorge Pipeline Study

An Associated Press (AP) news article, dated May 26th, reports that the U.S. Army Corps of Engineers (Corps) has suspended its evaluation of the proposed pipeline project to convey water from Flaming Gorge Reservoir to water users along Colorado's Front Range. Mr. Aaron Million, of Fort Collins, Colorado, had applied to pump approximately 250,000 acre-feet annually from Flaming Gorge Reservoir and convey it, via a pipeline, for agricultural and municipal uses in Colorado. The Corps reported that Mr. Million had recently requested that the Corps suspend its environmental review of the project. Apparently, Mr. Million wants to determine if the proposed project can also generate electrical energy; and if it can, Mr. Million wishes to determine if the Federal Energy Regulatory Commission should be the lead federal agency, and not the Corps. I have included a copy of the AP news article in the Board folder.

U.S. Department of Energy Reports that 25% of the Moab Uranium Mill-Tailings Pile has been Relocated

In a news release, dated June 3rd, the U.S. Department of Energy (DOE) announced that one-quarter of the Moab Uranium Mill Tailings have been relocated to the Crescent Junction Disposal site. Currently 4 million tons of radioactive tailings material have been transported approximately thirty (30) miles north to the permanent disposal site near Crescent Junction, Utah. DOE was able to use federal stimulus funding to increase rail shipments from four trains per week to ten per week. Later this summer DOE will revert back to the original schedule of four train shipments per week. A copy of the DOE news release has been included in the Board folder.

Basin States Discussions

Status of the Colorado River Basin Water Study Report Project

On June 6th, Reclamation announced the release of the *Colorado River Basin Water Supply and Demand Study—Interim Report No. 1*. Release of the interim report is the culmination of many months of hard work involving policy and technical level representation from the Basin states, water using agencies, and Reclamation staff. Interim Report No. 1 is comprised of an Executive Summary, Status Report, and Technical Reports A-D (i.e., Technical Report A--Scenario Development; TR B--Water Supply Assessment; TR C--Water Demand Assessment; and TR D--System Reliability Metrics), and Appendices. The entire interim report can be accessed and downloaded from Reclamation's webpage at the following address: http://www.usbr.gov/lc/region/programs/crbstudy.html.

Reclamation encourages interested parties to carefully review the report and provide any comments to the Study Team by July 8th. The next phase of the Basin Study project involves quantifying the demand scenarios, assessing future system reliability, and the development and evaluation of opportunities for balancing supply and demand. Reclamation anticipates publishing additional interim reports, and a final comprehensive report being released by summer 2012. I have included in the Board folder a copy of Reclamation's news release announcing the release of Interim Report No. 1, as well a copy of the report's Executive Summary.

In a related vein, the Basin States cooperatively developed a letter to Reclamation Commissioner, Michael Connor, regarding the overall intent and purpose of the Basin Study Report. The letter was finalized and sent to Commissioner Connor on June 3rd. In the letter the states proffer that the purpose of the Basin Study Report is—

"...to define current and future imbalances in water supply and demand in the Colorado River Basin and the adjacent areas of the Basin States that receive Colorado River water for approximately the next fifty years, and to develop and analyze adaptation and mitigation strategies to resolve those imbalances."

The Basin States also acknowledged that the Basin Study Report continues to further the collaborative efforts and relationships that exist among the states and Reclamation in addressing the complex water supply and demand issues in the Basin. In the letter, the states reiterate that participation in the Basin Study Report process does not represent a waiver or relinquishment of any current or future claims under existing federal or state laws, and that it does not reflect an endorsement of the content or results of the report. Additionally, the letter indicates that it is the states' contention that the report cannot be utilized by one state against another or the federal government in any subsequent disputes associated with "Law of the River" interpretations, or other legal or factual positions. Finally, the letter reaffirms the entitlements and rights of each Basin state under the existing law to use and develop the water resources of the Colorado River system. The Basin states' letter, dated June 13th, is being made available as a handout material.

Reclamation Commissioner Connor responded to the Basin States' letter on June 6th, and confirmed Reclamation's support and agreement with the positions put forth in the states' letter. The Commissioner recognized that the cooperative and collaborative efforts of the states and Reclamation had resulted in avoiding multi-party or multi-state litigation in the Basin. The Commissioner also recognized that the Basin States have been willing to identify and implement numerous innovative water management actions while preserving and protecting all legal rights and positions on the various elements of the "Law of the River." I have included a copy of Commissioner Connor's letter to the states in the Board folder.

Finally, on June 14th Reclamation conducted an on-line webinar overview and presentation of the recently released Interim Report No. 1. Reclamation Study Team members walked the webinar participants though each section of Interim Report No. 1, and then answered questions at the end of the presentation. Again, comments are being accepted by Reclamation and the Study Team through July 8th.

Status of Binational Discussions/Negotiations

As was discussed in last month's report, the Basin States finalized a seven states letter to the Commissioners of Reclamation and the U.S. Section of the International Boundary and Water Commission regarding the Basin States' representation and continued participation in binational water management opportunities between the United States and Mexico. The purpose of the letter was to affirm the Basin States continued interest and participation in the continuing discussions and negotiations with Mexico associated with Colorado River water management opportunities. Additionally, the letter specifically identifies the principal representatives, and alternates, designated to participate in the binational process on behalf of the seven Basin States. The letter also acknowledges the kickoff of the next phase of the binational process that was scheduled for June 1, 2011 in Tijuana, Mexico. I have included a copy of the letter sent by the Basin States letter in the Board hand-out materials packet.

Finally, as mentioned above, the Binational Colorado River water management process between the United States and Mexico was re-engaged with a meeting in Tijuana, Mexico on June 1st. Chairman Fisher attended this meeting on behalf of the Board, and it is my understanding that he will brief the Board at its June 15th regular monthly meeting.

WATER QUALITY

Colorado River Basin Salinity Control Forum Meeting, May 23-26, 2011, Glenwood Springs, Colorado

On May 23-26, 2011, the Colorado River Basin Salinity Control Forum (Forum), Work Group, and Advisory Council held meetings in Glenwood Springs, Colorado. The purpose of the meetings was to receive reports from all of the participating federal agencies, review progress associated with salinity control project implementation, review the status of the Program budget and funds available through the Upper and Lower Basin Development Funds for the Basin States' Program, and review of May 2011 draft Triennial Review, *Water Quality Standards for Salinity, Colorado River System*.

One of the major issues discussed at the meeting is the use of Basin States Program (BSP) dollars outside of United States Department of Agriculture (USDA) approved salinity control project areas. The Forum recommends that BSP dollars be expended outside of approved salinity project areas by the state agricultural agencies. The Advisory Council continued its recommendation to USDA's Natural Resources Conservation Service (NRCS) that it first expend all available funds within the designated salinity control project areas. If EQIP funds are still available after satisfying this recommendation, then the Council recommended that any such funds be used by NRCS for EQIP salinity control contracts elsewhere within the Colorado River Basin, and that the SPARROW model be used to estimate salt loading to calculate the most cost-effective use of the funds (i.e., up to \$100/ton) for those contracts. It was also the Forum's recommendation to Reclamation that cost-sharing be utilized for developing salinity control contracts in areas which have a total agricultural salt loading of at least one-ton per acre.

The Application Review Committee process associated with Reclamation's Basinwide Funding Opportunity Announcement (FOA) has been completed, with the selected projects to create a reduction in salt-loading of more than 30,000 tons of salt annually. Based on the Application Review Committee's report, the awarded projects will be less than \$80/ton. Reclamation is expected to get all agreements in place by end of June with several projects nearing completion.

In order to complete the Grand Valley Salinity Control Project, the NRCS reported that it plans to ramp up its efforts to treat the remaining 2,900 acres (about 5%) of untreated land over the next two years. At the end of that period, the NRCS will then issue a closing report and plans to schedule a celebration event that recognizes that Grand Valley would no longer be a designated USDA salinity control project area.

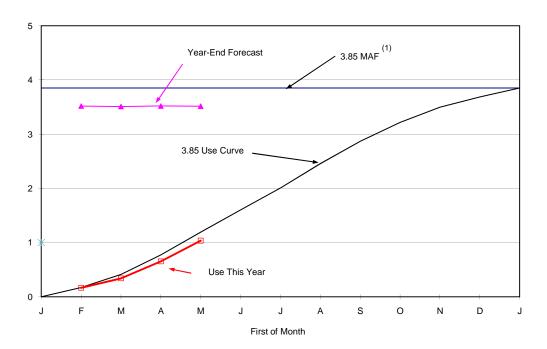
During its meeting, the Forum reviewed and adopted the May 2011 draft of the Triennial Review, *Water Quality Standards for Salinity, Colorado River System*, as the version to be released for public review and comments in August of 2011. The Forum determined that it was not necessary to change the existing numeric criteria and that with the Triennial Review's approved Plan of Implementation that there is very little probability that the numeric criteria will be exceeded.

Finally, one significant item of interest at the May Forum meeting was the pilot evaporation pond study as an alternative for the Paradox Valley Unit injection well facility. The current injection well facility, operated by Reclamation, presently disposes of approximately 110,000 tons of salt per year via a 16,000-foot deep injection well. There is increasing concern regarding the future life expectancy of the injection well. Should the injection well facility become inoperable, the hundreds of thousands of tons of salt disposed each year could return to the Colorado River System again. The alternative study looked into construction of evaporation ponds and/or the installation of more injection wells. One major discussion at the Forum is the potential impact of the evaporation pond on wildlife, specifically on migratory birds. Under the Forum's recommendation, a memorandum is to be prepared to support Reclamation's efforts to move forward with the Environmental Assessment (i.e., pursuant to the National Environmental Policy Act) phase while starting the design portion of the pilot study to save time. The means to reduce potential impacts to migratory birds and other wildlife will be incorporated into the planning process of the pilot study. The Advisory Council recommended that Reclamation use the BSP dollars to move the effort ahead while seeking out additional funding from other sources. Further discussion of this issue will occur at the next Forum meeting, which is tentatively set for October, 2011.

> Christopher S. Harris Acting Executive Director

FIGURE 1

JUNE 1, 2011 FORECAST OF 2011 YEAR-END COLORADO RIVER WATER USE
BY THE CALIFORNIA AGRICULTURAL AGENCIES



F	Forecast of Colorado River Water Use by the California Agricultural Agencies			
by				
	(Millions of Acre-feet)			
	Use as of	Forecast	Forecast	
	First of	of Year	of Unused	
Month	Month	End Use	Water (1)	
 Jan	0.000			
Feb	0.167	3.519	0.023	
Mar	0.340	3.510	0.032	
Apr	0.653	3.520	0.022	
May	1.036	3.516	0.027	
Jun				
Jul				
Aug				
Sep				
Oct				
Nov				
Dec				
Jan				

(1) The forecast of unused water is based on the availability of 3.542 MAF under the first three priorities of the water delivery contracts. This accounts for the 85,000 af of conserved water available to MWD under the 1988 IID-MWD Conservation agreement and the 1988 IID-MWD-CVWD-PVID Agreement as amended; 80,000 AF of conserved water available to SDCWA under the IID-SDCWA Transfer Agreement as amended being diverted by MWD; as estimated 29,000 AF of conserved water available to SDCWA and MWD as a result of the Coachella Canal Lining Project, 67,700 AF of water available to SDCWA and MWD as a result of the All American Canal Lining Project; 14,500 AF of water IID and CVWD are forbearing to permit the Secretary of the Interior to satisfy a portion of Indian and miscellaneous present perfected rights use and 25,000 AF of water IID is conserving to create Extraordinary Conservation Intentionally Created Surplus. 0 AF has been subtracted for IID's Salton Sea Salinity Management in 2011. As USBR is charging uses by Yuma Island pumpers to priority 2, the amount of unused water has been reduced by those uses - 6,530 AF. The CRB does not concur with USBR's viewpoint on this matter.

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